

Winter 2021 Survey Shows Improvement, Despite Continued Low Tourism and Hospitality Business Activity

This report summarizes results of a Minnesota tourism and hospitality industry survey that was conducted in early March of 2021. The survey was conducted as part of an ongoing quarterly survey series, under a partnership of Explore Minnesota, Hospitality Minnesota and the Federal Reserve Bank of Minneapolis. These surveys cover a broad cross section of the state's tourism and hospitality industry, including overnight accommodations, food/drink establishments, a variety of attraction and entertainment businesses, and "allied and other businesses" that supply goods and services to consumer facing businesses. Surveying in this series is conducted jointly, but survey results are analyzed and reported separately by the partner organizations.

Winter 2021 (i.e., December 2020 through February 2021) business activity levels were down substantially from a year earlier, with over half of respondents indicating that revenue (54%) and customer traffic (57%) were significantly lower in winter 2021. Nonetheless, winter 2021 results showed improvement in business activity, compared with late 2020 results from the last survey conducted in December. As was the case in late 2020, food/drink establishments reported the worst business activity levels (i.e., the strongest year over year winter declines). Accommodations and allied services reported the best activity levels, though results for these sectors also showed many respondents with significantly lower business. Within accommodations, resorts fared much better than hotels and motels. Geographically, the metro reported the worst, and the two northern Minnesota regions reported the best winter business levels. Expectations for upcoming business through May are substantially higher than results for winter, though expectations are based on comparisons with pandemic impacted months of 2020.

Improved financial health and solvency projections provided bright spots in this survey's results. Respondents were roughly evenly split between overall positive and overall negative current financial health, with the biggest change being a two thirds reduction in the portion of respondents who rated their financial health as declining, down from 49% in late 2020 to 16% this winter. Also, the portion of respondents for whom solvency is not in question doubled in the three months since the last survey, from 20% to 42%. Still, 27% of respondents to the winter survey said they could remain solvent for no more than 6 months. Solvency concerns continue to be most immediate for food/drink establishments and hotels. Expectations for the timing of a return to pre pandemic business levels have shifted further into the future, compared with late 2020 results. The biggest shift was an increase in the portion of respondents expecting recovery in 2022.

[Full Report](#)